

AKA GEORGE FREDERICK KEITH

## OIL AND GAS LEASE

separate property

THIS AGREEMENT, made and entered into this 17th day of July, 2003, by and between **GEORGE F. KEITH, married man dealing in** whose address is 1000 Pleasant Valley Road, Waterville, New York 13480 hereinafter called the Lessor, and **ARDENT RESOURCES, INC.**, of 70 Fort Couch Road, Pittsburgh, Pennsylvania 15241, hereinafter called the Lessee.

WITNESSETH: that said Lessor, in consideration of the sum of ONE DOLLAR (\$1.00), other good and valuable benefits, and the covenant hereinafter contained on the part of the Lessee, all of which are hereby expressly acknowledged in their receipt and sufficiency, does hereby grant, demise, lease and let exclusively unto Lessee and its successors and assigns and hereafter during the term hereof to no other party(ies), with covenants of general warranty, for the purpose and with the rights of drilling, testing, producing, injecting and/or storage of oil and/or gas and any of their constituent parts or related elements whether liquid or gaseous (expressly including coalbed methane and gob gas) in any underlying strata, and withdrawing same therefrom whether or not originally produced from or injected into any strata underlying the lease premises described below or other lands, and otherwise exploring and operating for oil and gas by any and all means now known or utilized in the future (expressly including the right to conduct seismic and other geophysical and geochemical surveys), and of laying pipelines and building tanks, roads, stations, houses, powerlines and the like for valves, meters, compressors, dehydrators, regulators and other facilities, with all other rights and privileges incident to or convenient for the operation of the lease premises and/or other lands (expressly including the right to transport gas produced off of the lease premises and/or lands pooled or unitized therewith, with rights-of-way hereof are specifically granted hereunder exclusively to the Lessee and its successors and assigns), all of that certain tract(s) of land situated in the Town of Sangerfield, County of Oneida, State of New York, and bounded substantially now or formerly as follows:

Tax Map Number: 397.000-1-1; 397.000-1-34; Madison County: 115.00-1-49.1; 115.00-1-51; 140.00-1-7;  
 On the North by: Tract #1, 303.5 Acres R Bushee, M Keith Tract #2: 33.5 Acres H Keith  
 On the East by: Oneida: 397-1-1 & 34 R Bushee D Elliott  
 On the South by: Madison: 115-1-49.1 Madison: 140-1-7 D Head  
 On the West by: 115-1-51 450 H Keith

and containing, for the purpose of calculating rental, ~~203.0~~ <sup>450</sup> acres of land whether actually containing more or less, and part or all of said lands are described in that certain deed to Lessor from **Fred R. Keith** Grantor, and recorded in Book 2081 page 668 in the Recorder's Office of said County, it being the intent of Lessor to include all lands of Lessor in said County.

1. It is agreed that this lease shall remain in force for a primary term of FIVE (5) years from the effective date and as long thereafter as the said land is operated by Lessee for oil and gas purposes on a continuous basis, as set out herein. It is expressly understood that Lessee shall maintain its rights of way as granted herein for its pipeline and other surface facilities then existing on the leased premises at the expiration of termination of this lease.

2 (a) Lessee covenants and agrees to deliver to the credit of Lessor, his heirs or assigns, free of costs, in the pipe line to which said Lessee may connect its wells, a royalty of one-eighth (1/8) of native oil produced and saved from the leased premises.

(b) Lessee covenants and agrees to pay Lessor as a royalty for the native gas from each and every well drilled on said premises producing native gas, an amount equal to one-eighth (1/8) of the gross proceeds received from the sale of same at the prevailing price for gas sold at the well, for all native gas saved and marketed from the said premises.

3 Within ninety (90) days from the date hereof, Lessee will pay to the Lessor the sum of ~~NINE HUNDRED~~ <sup>CFK</sup> ~~and NO/100 DOLLARS~~ (\$ ~~666.00~~ <sup>990.00</sup>) paid annually, paid quarterly or annually at the option of the Lessee, subject to the right of surrender hereinafter granted to Lessee, commencing from the date hereof, which shall operate as rental and cover the privilege of deferring the commencement of a well for twelve (12) months. In like manner, and upon like payment the commencement of a well may be further deferred for like periods of the same number of months successively during the term of this lease, subject, however, to the right of cancellation hereinafter granted to Lessee. And it is understood, that the rentals as herein provided is the chief consideration until commencement of a well. The commencement of a well shall, however, be and operated as a full liquidation of all rental hereafter accruing under this provision of this lease during the remained of the term hereof.

4 All payments under this lease shall be made by check or voucher to the order of the above named Lessor and mailed to the above Lessor's address until the Lessee shall have written notice from the Lessor, its heirs or assigns, accompanied by original or certified copies of deeds or other documents as Lessee may require evidencing such change of ownership directing payments to be made otherwise, and any payments made as above until such direction, and thereafter in accordance with such direction shall absolve the Lessee from any liability to any heir or assign of the Lessor. All payments of royalty are to be made according to lessor's respective interests therein, as hereafter set forth, and this lease shall not be forfeited for Lessee's failure to pay any rentals or royalties until Lessee has received written notice by registered mail of such default and shall fail, for a period of thirty (30) days after receipt of such notice to pay same.

5 Lessor excepts and reserves a total amount of ~~300,000~~ <sup>CFK</sup> cubic feet of gas annually or such part thereof as Lessor may use each year from the gas the Lessee may hereafter produce or otherwise have available from on gas producing well completed and operated by Lessee hereunder upon the leased premises, which said amount of ~~300,000~~ cubic feet of gas per year Lessor shall be entitled to receive free of cost for heat and light in one dwelling house on the leased premises when and as long as Lessee may elect to produce and operate a well for the aforesaid purpose upon the leased premises, by Lessor laying the necessary lines and making connections at Lessor's cost at such point on the demised premises as may be designated by the Lessee, provided said gas is used with economical appliances and is measured by meter furnished by Lessor. The regulation of such gas will be by regulators furnished by Lessor, and approved by Lessee, placed at a point designated by Lessee, with said gas to be used at Lessor's own risk and Lessee not to be in any way liable for any interruption or insufficient supply of such gas for said domestic use caused by pumping stations, breakage of lines or otherwise, and nothing herein shall prevent the Lessee from abandoning any well or wells or pipelines on the leased premises and removing the pipe therefrom at any time. If more than the ~~300,000~~ cubic feet per year is used, the excess shall be paid for at the rate charged to domestic consumers in the same area, and in case of default in payment for gas used in excess of ~~300,000~~ cubic feet, Lessee is hereby authorized to deduct the amount thereof from any royalty or other payments that are then due, or may later become due, under terms of this lease.

6 In addition to the covenants of general warranty hereinabove contained, Lessor further covenants and agrees, that if Lessor's title to the leased premises shall come into dispute or litigation, or, if, in the judgment of Lessee, there are bona fide adverse claims to the rentals or royalties hereinabove provided for, then Lessee, at its option, may withhold the payment of said rentals or royalties until final adjudication or other settlement of such dispute, litigation, claim or claims; and that Lessee, at its option, may pay and discharge any taxes, mortgages or other lien or liens, existing, levied, assessed or which may hereafter come into existence or be levied or assessed on or against the leased premises, and, in the event it exercises such option, Lessee shall be surrogated to the lien and any and all rights of any holder or holders thereof, and may reimburse itself by applying to the discharge of any such mortgage, tax, or other lien or liens, any rental or royalty accruing hereunder.

7 If and when drilling or other operations hereunder are delayed or interrupted by lack of water, labor or material, or by fire, storm, flood, war, rebellion, insurrection, riot, strike, differences with workmen, or failure of carriers to transport or furnish facilities for transportation, or as a result of some order, rule, regulation, requisition or necessity of the government, or as the result of any other cause whatsoever beyond the control of Lessee, the time of such delay or interruption shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages for failure to comply therewith, if compliance is prevented by, or if such failure is the result of any such Law, Order, Rule or Regulation.

8 To pay to the Lessor an annual rental of two dollars (\$2.00) per mineral acre per year for the utilization of one or more strata in the premises for storage operations for so long as any strata is so utilized, and to give Lessor written notice of the use of the premises for storage operations; and it is agreed that said storage rental is in lieu of delay rental and or royalty payments, except that storage rental and royalty payments shall be paid simultaneously by Lessee if Lessee simultaneously conduct storage operations in ore or more strata in the premises and produces oil and gas from one or more other strata; and it is further agreed that the termination of gas storage operations shall be in full liquidation of all storage rental during the remainder of this Lease.

9 Lessee shall have the right at any time during the term of this lease or after the expiration of termination thereof to remove all machinery, fixtures, pipe lines, houses, buildings, and other structures placed on said premises, including the right to pull and remove all casing and tubing.



Richard D. Allen, Oneida County Clerk LSE

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10 If the Lessee shall begin operations for the commencement of a well during the term of this lease or any extension thereof, the Lessee shall then have the right to complete the drilling of such wells, and if oil or gas or either of them be found in paying quantities, this lease shall continue and be in force and with like effect as if such well had been completed within the term first herein mentioned.

11 Lessee shall have the right to assign this lease or any interest and the assignee of Lessee shall have corresponding rights, privileges, and obligations with respect to said royalties and rentals as to the acreage assigned to it.

12 Lessee shall upon completion of the first productive well upon said premises make a diligent effort to obtain a pipeline connection but any delay shall not be counted against the Lessee provided Lessee shall, as prepaid royalty, resume delay rental payments for quarterly periods, beginning one year from the date the first productive well shall be completed until said first well shall be connected to a pipeline. In the event that production of gas, oil or their constituents is thereafter interrupted and not marketed from any well(s) capable of production for a period of twelve (12) consecutive months, Lessee shall pay to Lessor for each twelve (12) consecutive months shut-in period as shut-in royalty income and as a credit against payment of future royalties the sum of two dollar per mineral acre for each well(s) shut-in, which payment shall serve to maintain this Lease in full force and effect.

13 Lessee may, at any time during the term hereof, cancel and surrender this lease, and be relieved of any and all obligations, payments and liabilities thereafter to accrue as to the leased premises, by the mailing of a notice of such surrender to Lessor or by filing a Release or Surrender of Oil and Gas Lease(s) of record describing the premises being released or surrendered.

14 It is agreed that said Lessee may drill or not drill on said land as it may elect, and the consideration set forth herein shall constitute adequate compensation for such privilege.

15 It is agreed that said Lessee shall have the privilege of using free of charge sufficient oil and gas from the said premises to run all machinery necessary for drilling and operations thereon.

16. No well shall be drilled within 200 feet of the dwelling house or barn now on said premises, except by consent of the Lessor.

17. The leased premises may be fully and freely used by Lessor for any purpose, except such parts as are used by Lessee in operations hereunder.

18. Lessee shall pay Lessor for all damages to growing crops, fences, or trees caused by Lessee's operations on the herein leased premises.

19. This instrument may be executed in counterparts each having the same validity as if the original. Should any one or more of the parties named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor.

20. In case the Lessor owns a less interest in the above described premises than the entire and undivided fee simple therein, then the royalties and rentals herein provided shall be paid to the Lessor only in proportion which such interest bears to the whole and undivided fee. If said land is owned by two or more parties, or the ownership of any interest therein should hereafter be transferred by sale, devise or operation of law, said land nevertheless, may be held, developed, and operated as an entirety, and the rentals and royalties shall be divided among and paid to such several owners in the proportion that the acreage owned by each such owner bears to the entire leased acreage.

21. For the purpose of conserving the interest of the parties hereto and protecting said premises, and the oil or gas field within which the same are included from unnecessary and wasteful drilling and undue depletion of its resources, Lessor further grants to the Lessee, its heirs and assigns, the right to consolidate the above described premises or any part thereof, at the option of Lessee, with others to form a unit not to exceed 640 acres for the development to the same effect as if said premises together with others in the area had been jointly leased by various Lessors to the Lessee as a single undivided tract and in such event Lessor agrees to accept, in lieu of the royalty hereinbefore recited, such proportion of one-eighth (1/8) of the oil or gas marketed from the unitized area as his acreage included therein bears to the total acreage of the unitized area, Lessee may give notice to Lessor of such consolidation by mail to the above address or by filing a declaration of record describing the properties so consolidated or unitized.

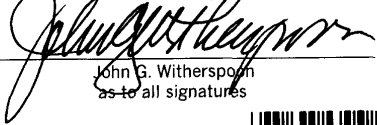
22. Lessee may extend the primary term for one additional Period equal to the primary term by paying to the Lessor at any time within the primary term, proportionate to Lessor's percentage of ownership, an Extension Payment equal in amount to the annual delay rental as herein described, or by drilling a well on the leasehold which is not capable of commercial production.

23. Lessor and Lessee shall mutually agree upon the location of wells, road, etc. However Lessor's consent shall not be unreasonably and logically withheld. Lessee agrees to indemnify and hold Lessor harmless from all claims, damages, liabilities, causes of action or demand for personal injury or property damage arising from Lessee's operations on the on the herein leased premises.

All the terms, conditions and covenants herein contained shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, successors, personal representatives and assigns, but no representations other than those herein contained shall be binding upon either party.

If this Lease becomes forfeited, terminated or expires, the Lessee, or if the Lease has been assigned, the Assignee is required to provide a document canceling the Lease as of record, at no cost to the current landowner. If the Lessee or Assignee fails to cancel the Lease, the current landowner may compel a cancellation pursuant to Section 15-304 of the General Obligation Code.

IN WITNESS WHEREOF, the parties to this agreement have hereunto set their hands and seals the day and year first above written.

  
John G. Witherspoon  
as to all signatures

  
GEORGE F. KEITH SS#

  
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Richard D. Allen, Oneida County Clerk LSE

SUBSCRIBING WITNESS ACKNOWLEDGMENT

STATE OF NEW YORK  
COUNTY OF MADISON  
August  
On this 1st day of July, 2003, before me, the undersigned Notary Public, personally appeared John G. Witherspoon, the subscribing witness to the foregoing instrument, with whom I am personally acquainted, who being by me duly sworn, did depose and say that he resides at 562 Rankin Airshaft Road, Uniontown, PA 15401 that he knows GEORGE F. KEITH  
to be the individuals who executed the foregoing instrument; that said witness was present and saw GEORGE F. KEITH  
execute the same; and that said witness at the same time subscribed his name as witness thereto.

  
THERESA SGARLATA  
Notary Public, State of New York  
Qualified in Madison County  
My Commission Expires 11-25-08

After recording, please return original to:  
Ardent Resources Inc.  
70 Fort Couch Rd. 61 McMurray Rd, Ste. 204  
Pittsburgh, PA. 15241